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UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT

EDITORIAL

For more than two decades the *Bulletin* has been an important source of information about UNCTAD for a world-wide audience. While UNCTAD's development mission has been a constant factor throughout this time, the institution itself, the focus of its activities and the methods adopted in pursuing its objectives have continued to evolve in response to changes in the global political and economic environment. The activities organized in the second half of 1989 to mark the twenty-fifth anniversary of UNCTAD, some of which are reviewed in this issue, confirmed that UNCTAD has an important role to play in the area of multilateral co-operation for development and saw member States unanimously pledging political support for the institution; but they also revealed a widely-held expectation that it would need to adapt itself further to world realities in the 1990s.

This first issue in a new series of the *Bulletin* is intended to herald a new phase in the life of this publication designed, within the limits imposed by the modest resources available, to better reflect the institution's operations and its outlook on the threshold of a new decade. Its contents, ranging from the deliberations of UNCTAD's intergovernmental bodies and the analytical work of the secretariat to its technical co-operation programme and its interaction with other international economic institutions and development actors, do, indeed, project a representative image of the institution's current activities and of its dynamism. The appearance of the *Bulletin*, moreover, has been designed to make the contents more attractive as well as more accessible to an increasingly diversified audience in some 142 countries. In the long-run, however, these objectives can only be attained to the extent that the *Bulletin* is shaped by readers' expectations. Readers are therefore invited to communicate their reactions to the issues discussed in the *Bulletin* and to its contents generally. Selected letters will be published. As well as being a source of vitality and renewal, this interaction with readers would also contribute to the dialogue which the UNCTAD secretariat seeks to maintain with a wide range of development actors and interests.

The United Nations Conference on Trade and Development (UNCTAD) was set up by the General Assembly in 1964 as one of its permanent organs, mandated to promote international trade, particularly that of developing countries, with a view to accelerating their economic development. UNCTAD has evolved into a universal forum with a development perspective, in which member States review the interdependence of economies and of issues in trade, money and finance. UNCTAD is composed of 168 member States, including the 159 members of the United Nations; many intergovernmental and non-governmental organizations have observer status. The Conference normally meets every four years at ministerial level to establish policy guidelines. Between sessions, work is carried out by the Trade and Development Board and its standing committees dealing with commodities, manufactures, tariff preferences, development finance and insurance, shipping, transfer of technology and economic co-operation among developing countries, and by other subsidiary bodies. The problems of the least developed countries and of Africa's economic recovery receive special attention in UNCTAD's work. The UNCTAD staff–part of the United Nations Secretariat–numbers about 400 and is headed by a Secretary-General, currently Mr. Kenneth K. S. Dadzie (Ghana).

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Michael C. Bonello, Editor.

UNCTAD'S TWENTY-FIFTH ANNIVERSARY

The series of events organized to commemorate the twenty-fifth anniversary of UNCTAD's establishment in 1964 culminated on 5 October in a special session of the Trade and Development Board. Other events included the publication of a *Statistical Pocket Book* and of an Anniversary Issue of the *UNCTAD Bulletin*, a Symposium in September and the Fourth Prebisch Lecture in July. In New York the President of the General Assembly and the Secretary-General of the United Nations addressed a meeting of the General Assembly on 14 November convened to mark the UNCTAD anniversary.

UNCTAD's Role in the 1990s

The theme chosen for the Symposium, which took place on 18-19 September, was *International Economic Relations in the 1990s and UNCTAD's Role Therein*. Under this broad heading, a panel of 16 experts from developed and developing countries discussed issues in the areas of international trade, development finance and technological innovation. A record of the proceedings will be published at a later date.

The experts first underlined the need for action. Unless the international community agrees on common objectives and actions in the context of interdependence management, the gap between the rich and the poor would widen, and, within groups of economies, the gap between the successful and the unsuccessful would become more accentuated. Intergovernmental organizations will thus have an important role to play, both as sources of reflection and analysis and as negotiating fora.

The experts also stressed that traditional analysis would need to be revisited in a number of areas, as international economic relations become more variable and unpredictable. As the international mobility of factors of production increases, and since such factors rely increasingly on intangible resources such as information and knowledge, national economic policies will have to aim at new objectives, including that of attracting the people and the other resources from which wealth can be created.

The view prevailed that sustainable growth in the world economy was achievable in the 1990s if development were considered as a common objective. The formulation of an international development strategy was important in this context, in particular as a reference point for regional, sub-regional and national strategies.

Given the present situation of most developing countries, further reflection and concerted action were needed on commodities, on debt, as well as on practical ways of halting protectionist pressures. Analysis of the strong interdependence which exists between trade, money, finance, technology, employment and the environment should be stimulated since, in the 1990s, international economic relations are likely to be even less responsive than before to sectoral or local remedies.

The experts also discussed the potential role of UNCTAD in these areas. Many urged UNCTAD to consider the issues raised by the transition of countries from one economic system to another, the impact of corporate strategies and alliances on macro-economic policies, the consequences of emerging regional trading groups on third countries, and the possibility of taking better advantage of complementarities in the South. Many participants expressed the view that, once consensus is reached on the conceptual and analytical bases for action, the role of UNCTAD as a negotiating forum would increase in the 1990s. It was further noted that international economic negotiations might gain in efficiency and transparency if they involved a greater number of actors, including non-governmental organizations. A greater involvement of UNCTAD in technical assistance activities was also thought necessary, especially in the strengthening of the negotiating capacities of developing countries, human capital formation, and regional integration.

The two days of discussions underlined the importance of UNCTAD's mission in the 1990s, which could be described as "being available to governments as an honest broker in the cause of development". In carrying out this task, UNCTAD would have to adapt to the new realities of international economic relations without losing sight of its *raison-d'être*.

Board Marks Anniversary

The special session which the Trade and Development Board devoted to the observance of UNCTAD's twenty-fifth anniversary on 5 October heard messages from several dignitaries, including Heads of State, Prime Ministers and Ministers. Some were present in Geneva for the occasion, others sent videotaped messages, and yet others transmitted written messages. In addition to containing encouraging expressions of support, many of the messages set out thought-provoking views as to the future thrust of UNCTAD's work. The following are extracts from some of these messages:

Mr. Javier Pérez de Cuéllar, Secretary-General of the United Nations, through Mr. Jan Mar-

tenson, Director General of the United Nations Office in Geneva, spoke of UNCTAD's "significant" achievements, adding that "[UNCTAD] now provides a unique vantage point on the links between key areas of economic policy, as well as the interdependence of different economies and their impact on development". The Final Act of UNCTAD VII confirmed UNCTAD's capacity to contribute to the process of collective management required by the increasing complexity and interdependence of the world economy.

Mr. Oscar R. de Rojas of Venezuela, President of the Trade and Development Board, said UNCTAD's challenge " . . . was to strengthen the foundations of development and to enhance international economic relations for the benefit of all countries, through a co-operative process in a true multilateral framework". At the operational level efforts must continue, he added, "to improve UNCTAD's intergovernmental machinery and the substantive content and focus of our work . . . governments must mobilize the political will to use . . . UNCTAD seriously and in the most effective way".

Mr. K. K. S. Dadzie, Secretary-General of UNCTAD, stated that the by-words of UNCTAD's approach should be "commitment and responsiveness". He noted that as a result of improvements in the functioning of the organization, at both the intergovernmental and secretariat levels, "the processes that UNCTAD brings to bear are increasingly geared to the nature and maturity of specific issues". Mr. Dadzie emphasized that the value of UNCTAD's activities was determined by the extent to which they "enhance common perceptions, translate them into substantive agreement and provide impetus for policy-making. Debate without action is not enough to justify UNCTAD's existence". Referring to the role of member States, he said: "It is for them to endow UNCTAD with the political and material underpinning it needs and carry forward their commitment to enhance the effectiveness of the institution". He pledged that the secretariat would "spare no effort in fulfilling its own responsibilities, to be an objective source of analysis, advice and support for their efforts in these directions". "UNCTAD's task has always been an uphill struggle", he concluded. "It is bound to remain that way. The challenge before UNCTAD is to adapt to change without abandoning fundamentals."

Mr. Gamani Corea, former Secretary-General of UNCTAD, said that while projections for the 1990s saw no marked change in the economic outlook, he did not believe that the South could endure "another decade of arrested development and relative stagnation" without creating "a period of tension and turmoil". Mr. Corea said

The President of the Trade and Development Board opens the commemorative session

"UNCTAD can and must play its role in identifying the actions that need to be taken in order to make a reality of the process of development". He was convinced that the new challenges to be grasped included a "great new prospect for development, not only in the interests of the countries of the South but to the benefit of countries of the world as a whole".

Mr. Arthur Dunkel, Director-General of GATT, said that despite ups and downs, "what is undeniable is that the development process has continued". He noted that UNCTAD's early insistence on the trade-finance-development link had proved to be readily accepted all around in the interests of coherence and co-ordination. He believed it was the task of multilateral institutions like UNCTAD to explore new strategies of co-operation in an increasingly interdependent world.

Mr. William Rossier, speaking for the host country Switzerland, noted the "eminent contribution" which UNCTAD has made to consolidating Geneva's role as an "international centre of co-operation and of economic negotiation". UNCTAD, soon after its creation, established itself as one of the privileged places for the analysis of interdependence, a concept whose full significance would only later become apparent. In the process of advancing from youth to maturity, UNCTAD had given evidence of flexibility and a spirit of adaptation, qualities which were indispensable to any organization seeking to respond to the challenges posed by economic relations in the years ahead.

Mr. Alexander Kachanov, First Vice-Minister of Foreign Economic Relations of the USSR, speaking on behalf of the socialist countries of Eastern Europe, said that for interdependence to be viable a new economic partnership had to be set up based on the complementarity of the objectives of the different partners. By virtue of its uni-

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versal membership and intellectual capacity UNCTAD should be able to promote this and to resolve common problems through analysis, dialogue and more intense action.

Mr. Shen Jueren, Deputy Minister of Foreign Economic Relations and Trade of China, called UNCTAD "an indispensable forum and place of negotiations on international economic affairs". China wished UNCTAD's functions to be strengthened in order to allow the organization to make a greater contribution to the revitalization of the world economy.

Mr. Olli Mennander of Finland, speaking for the developed market-economy countries, said that over the years "UNCTAD has played a prominent role not only in stimulating international economic co-operation and improving understanding of the special problems of developing countries, but it has also been a successful negotiating forum for specific issues within its mandate". Assessing recent trends, he said that the majority of developing countries had witnessed slower growth, and in some cases an absolute decline in living standards, while a few others had continued to perform exceedingly well. His Group considered that "the usefulness of market forces in the efficient allocation of resources, the key role of entrepreneurship in bringing out innovation and in creating wealth and the recognition of the enormous potential that lies in the unleashing of individual initiative" were some of the key elements which would shape the economic future of mankind, and was convinced that UNCTAD could play a crucial role in helping developing countries adapt to this environment.

Mr. Lloyd Barnett of Jamaica, speaking on behalf of the Group of 77, said the past 15 years had been "a period of low growth or stagnation for the overwhelming majority of developing countries". Against this background the Group of 77 saw "a unique and critical role for UNCTAD" and regretted the "unfortunate tendency to undervalue the role and achievements of the institution". Moreover, in an international environment dominated by interdependence, the relevance of UNCTAD as a source of new and fresh perspectives had not diminished. However, for its creativity and dynamism to be equal to the challenge governments must provide the political support and the resources. UNCTAD, Mr. Barnett stated, must be at the forefront in the collective search to ensure "a coherent, integrated approach to the issues that will be addressed in the Special Session of the General Assembly, in the Second United Nations Conference on the Least Developed Countries, in the Uruguay Round, in the Fourth International Development Strategy and in UNCTAD VIII."

Mr. Oswaldo de Rivero of Peru, speaking for the Latin American Group, said: "For the first time with UNCTAD's establishment the principle of special and differential treatment for developing countries was legitimized". However, what he termed the "theoretical and diplomatic offensive" lost impetus in the 1980s. As to future objectives, there was a need to consolidate what had been achieved in the legal field and "to change the working methods of UNCTAD, reducing the formality and rigidity in its procedures . . . Without dismantling the concerted positions by groups, we should envisage more flexibility in the process of consultation between interested parties, . . . in relation to specific issues and concrete interests". Mr. de Rivero rejected a future role for UNCTAD "confined to technical assistance or converted into a series of permanent seminars on global issues. On the contrary, . . . we must boost the creative work of UNCTAD on specific issues and at the same time create effective diplomatic machinery for negotiations . . ."

Mr. Kojo Amoo-Gottfried of Ghana, co-ordinator for the African Group, said: "Africa's fortunes were seen [in 1964] to be tied with UNCTAD, and recognition of the need for a New International Economic Order." He observed that UNCTAD had increasingly helped to strengthen international economic co-operation. While paying tribute to "tremendous successes (of UNCTAD) which have brought a large measure of benefits to the African region", he said, "the problems of the region continue to worsen." UNCTAD's role in formulating policy guidelines aimed at tackling the crucial problems of development would, therefore, be more significant in the years ahead.

Mr. Farouk Kasrawi of Jordan, co-ordinator of the Asian Group, said that from its inception, UNCTAD was " . . . an instrument of change, or redress, of justice and it remains so today". The performance of a few Asian countries successfully pursuing export-led growth should not allow the international community to forget that "more people go to sleep hungry in Asia than in any other part of the world". The Asian Group perceived UNCTAD as remaining essentially a forum for negotiations and an influence for change, as well as a forum "that triggers policy thinking and action in other institutions". While convinced that UNCTAD must demonstrate dynamic adaptability and capacity to meet change, Mr. Kasrawi emphasized that UNCTAD must "continue to be the expression of the ideal it was created for".

Mr. Jean-David Levitte of France, speaking on behalf of the European Community, said that by virtue of its universal character and the breadth of its mandate, UNCTAD was the most appropri-

ate body to promote international economic co-operation in the optic of development. He said, "UNCTAD had the potential and the necessary talents to become the indispensable entity for global reflection and for looking forward over the ensemble of development problems for the next decade". The European Community wished to see a sufficiently informal dialogue to allow UNCTAD "to follow the unfolding evolutions in all their rapidity and their complexity and to grasp the consequences without delay". This dialogue should yield conclusions which would contribute to the drawing up of solutions to the problems of development.

France has supported UNCTAD's activities with constant interest because it is firmly convinced that the international community should treat the problems of development between North and South. . . . If left to themselves, international economic forces do not work in favour of the very large majority of developing countries . . . UNCTAD should continue to be a privileged place of research, analysis and proposals in the struggle for development.

President François Mitterand
of France,
President of the Council
of the European Community

The time has come now to express this [UNCTAD VII] consensus of opinion and this common awareness in terms of practical steps and measures that take into account the interests of the developing countries.

President Mohamed Hosny Mubarak
of the Arab Republic of Egypt,
President of the Organization
of African Unity

UNCTAD [is] . . . the most representative organ of the United Nations General Assembly on problems of trade and development.

N. I. Ryzhkov, Chairman
of the Council of Ministers
of the Union of Soviet Socialist
Republics

The United States is committed to working with those who are interested in developing their economies through market-oriented approaches. In this regard UNCTAD too can make an important contribution.

James Baker, Secretary of State
of the United States of America

UNCTAD [is] . . . one of the most appropriate fora for analysing trends and examining structural adjustments required in individual countries . . . . it is up to the governments who participate in UNCTAD to contribute to making [it] a truly effective, creative and constructive institution.

Yvonne M. C. T. van Rooy,
Minister for Foreign Trade
of the Netherlands

. . . [UNCTAD has been] a major source of ideas, data and analyses, which over the years have played a key role in helping the developing countries to play a fuller role in international economic negotiations. It is vital for developing countries to press that [UNCTAD] be accepted as an important potential location for mutually beneficial economic dialogue between South and North.

Julius Nyerere, former President
of Tanzania,
Chairman of the South Commission

. . . the policies that enable the Fund to support them [structural reforms], the extended and structural adjustment facilities, are among the most influenced by the work of UNCTAD and the emphasis it has given to the importance of putting adjustment efforts into a longer-term framework.

Michel Camdessus,
Managing Director
of the International Monetary Fund

Priority international concern should continue to focus on the least developed countries, a sector where UNCTAD has a special responsibility in monitoring the implementation of the Substantial New Programme of Action.

Barber Conable, President
of the World Bank

Declaration Adopted

The Trade and Development Board also adopted a Declaration marking the twenty-fifth anniversary of UNCTAD which reaffirms support for the organization as an instrument of international co-operation and negotiation across a broad range of economic issues and is generally regarded as an important new element of the foundations for political action in UNCTAD. The Declaration restates the "goal of a healthy, secure and equitable world economy"; underlines the challenge of framing consensual rules and arrangements within which people and societies can strive to improve their wellbeing; and places the pursuit of efficiency and growth in the context of broader societal objectives. It looks forward to a prominent role for UNCTAD in meeting this challenge. The text provides a useful snapshot of the evolving perception of member States on broad policy issues facing the organization, emphasizing traditional concerns and also helping advance the consensus on the orientation of UNCTAD in respect of a number of "new issues", such as the role of market-oriented approaches in growth and development, and sustainable development. Excerpts from the Declaration are reproduced below:

Positive conditions exist for strengthening international economic co-operation, including co-operation for development. . . . Nonetheless, substantial obstacles remain. . . . to a healthy, secure and equitable world economy. These obstacles will not be overcome by spontaneous economic forces alone. . . . All countries are responsible for contributing to the required action in accordance with their capacities and economic weights. UNCTAD can play a prominent role in this effort through analysis, new ideas, initiatives, dialogue, negotiation, decisions and technical co-operation. . . .

There is a need to strengthen further the impact of UNCTAD's work on national and international policy making. To this end, member States should further encourage institutional linkages and bring specific national perspectives and interests more directly to bear in debates and negotiations, in order to forge durable multilateral solutions. . . .

The main substantive challenge facing UNCTAD is to bring fresh thinking to bear on long-standing problems and new areas of concern, with a view to promoting innovative policy measures. It should do so taking full account of the interdependence of economies and of policy areas, of long-term structural changes in the world economy, as well as of the need for a more supportive and predictable international economic environment for trade and development, particularly of developing countries. It should also explore the policy implications of the diversity of the growth and development experiences of different countries . . . [and] pay special attention to economic problems faced in common by developing countries, . . .

The future of the world economy . . . will be increasingly shaped by the exploration of different ways of integrating the pursuit of economic efficiency with broader national and international development objectives. While there is no universal criterion for determining the proper mix of economic management tools for stimulating economic growth and development, . . . it is noted that more countries in all parts of the world are making use of market signals and competitiveness in promoting entrepreneurial initiative and in optimizing the contributions of the public and private sectors. A related factor will be the promotion of approaches to growth which would encourage sustainable development . . . The eradication of poverty should have a central place in these endeavours. UNCTAD should make substantive contributions to multilateral co-operation in these areas, within its mandate. . . .

Committed to the objectives of UNCTAD, member States pledge themselves, individually and collectively, to rise to these challenges, to enhance their political support for UNCTAD and to make it a more effective and responsive instrument of international co-operation for trade, growth and development, particularly of developing countries.

The Trade and Development Board commemorates UNCTAD's twenty-fifth anniversary

TRADE AND DEVELOPMENT BOARD MEETING

This year's autumn meeting of the Trade and Development Board, which ended on 18 October, was characterized by lively debates and by a noticeable improvement in the political atmosphere. These conditions were conducive to the adoption by consensus of resolutions and decisions on a number of important issues, among them interdependence, debt and the holding of UNCTAD VIII in 1991, as well as of a Declaration on UNCTAD's twenty-fifth anniversary. This led the Board's new President, Mr. Oscar de Rojas of Venezuela, to assert–echoing similar sentiments expressed by the representatives of the various country groupings–that the meeting had "returned the organization to the level of meaningful political consensus, perhaps last achieved at UNCTAD VII."

Interdependence Thoroughly Debated

The adoption by the Board of the resolution on interdependence came at the end of a thorough debate, preparations for which started before the meeting itself got under way. One objective of the new arrangements put into place for this purpose is to strengthen the links between the Board's debate and those in other relevant forums. Another is to sharpen the focus of the debate itself. To this end the Secretary-General of UNCTAD convened a high-level expert meeting in September, at which representatives of the World Bank, IMF and GATT were in attendance, to identify themes which would help focus the discussion. In addition, informal exchanges of views took place early in the session between delegations and representatives of these international agencies and the UNCTAD secretariat.

These exchanges and the Board debate itself confirmed the validity of the new arrangements. The President referred to them as "rich and interesting" and as revealing "a considerable convergence of views" on key issues. A larger number of countries than in the past discussed issues of interdependence and debt by referring explicitly, and sometimes in detail, to their own national experiences, and to national manifestations of general problems. The analysis in the *Trade and Development Report* was widely commented on and was echoed in a large number of statements.

The Board resolution on interdependence, the first in many years, is of a general nature but provides impetus to the discussion of this topic in UNCTAD and implies a commitment by member States to intensify their dialogue through the negotiation of agreed texts. One of the Vice-Presidents of the Board, who was charged by the Board to conduct consultations on this item, termed the resolution "a significant advance on a conceptual level". For its part, the Group of 77 welcomed in particular certain aspects of the text. The first was the reiteration of "the centrality and continuing importance" of the debate on this subject. Another was the stated conviction that the existing disparities in growth and development between countries, in particular between developed and developing countries, "endanger world economic growth and stability". In the operative part of the resolution, the Board "recognized the acute need for appropriate intergovernmental and national actions for handling the interdependence of problems of trade, development finance and the international monetary system in a comprehensive and broad-based manner to ensure mutual benefit for all, especially developing countries". For the developing countries the important qualification was "comprehensive" because thus far the dialogue had been "piecemeal, *ad hoc* and not very productive".

Debt Resolution Supports Strategy

The resolution on debt adopted unanimously by the Board was the outcome of the most comprehensive review of the debt issue in UNCTAD since the last Conference and is particularly significant as a demonstration of the general acceptance of the role which UNCTAD can play in the context of intergovernmental action on debt. The thrust of the resolution seeks to encourage all members of the international community, creditors and debtors alike, to exploit fully the possibilities offered by recent innovations in the international debt strategy. In particular, it welcomes the more favourable practices of the Paris Club in rescheduling the debt owed to official creditors by certain low-income developing countries, as well as the recent decisions by the Boards of the IMF and the World Bank on operational guidelines for the use of their resources in support of voluntary debt and debt-service reduction in debt owed to private creditors.

In the course of the debate, speakers from all regional groups highlighted UNCTAD's precursory role in having recommended, in September 1988, a 35 per cent cut in the medium and long-term debt owed to commercial banks by the most heavily indebted developing countries. The conceptualization of an effective debt strategy was further enhanced when debt reduction was later incorporated in the Brady Plan. The resolution also welcomes Japan's commitment to make additional resources available in support of assuaging debt problems, as well as the efforts made "by a number of other developed creditor countries, including the recent decisions by

some of them to forgive the official development assistance debt of some developing countries". Some speakers pointed out that, as far back as 1978, the Trade and Development Board had asked creditors to convert ODA loans of poorer debtor countries into grants. This had led to write-offs or equivalent actions involving some $6 billion in ODA debt.

The Board's most recent resolution on debt agrees that "highest priority needs to be given to making rapid and effective use of the improved and strengthened debt strategy". This should be done "in conjunction with appropriate economic policies and an improved international environment that, while arriving at durable, equitable and mutually-agreed solutions to the problem of indebtedness in each of the countries concerned, will facilitate the achievement of durable and broad-based growth and development".

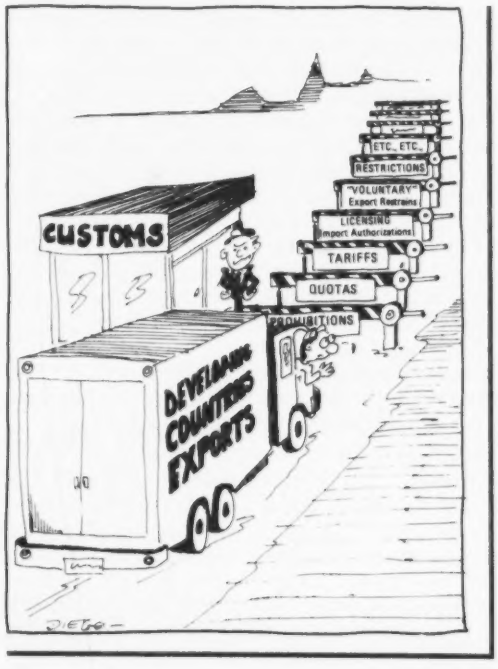
GENERAL ASSEMBLY DEBATES TRADE AND DEVELOPMENT

UNCTAD Secretary-General Stresses Trade and Commodity Issues

The President of the Trade and Development Board, Mr. Oscar R. de Rojas, on 14 November reported to the Second Committee of the United Nations General Assembly on the outcome of the Board's autumn session which was devoted to debt and the interdependence of economic problems (see article on page 8). The report of the Board traditionally serves as background for the Committee's debate on trade and development. A statement was also made by the Secretary-General of UNCTAD, Mr. Kenneth K. S. Dadzie, who focused his comments on international trade and the trading system, primary commodities, and on two upcoming international conferences, namely the Second United Nations Conference on the Least Developed Countries, which will take place in Paris in September 1990, and the eighth session of the United Nations Conference on Trade and Development (UNCTAD VIII) which will be held in 1991.

Obstacles to Market Access

In the area of international trade Mr. Dadzie singled out market access as being the major source of obstacles to greater developing country participation. The most serious impediment was the proliferation of non-tariff barriers, which currently affect some 30 per cent of developing country exports to the developed market economies. As for tariffs, levels were higher on products of interest to developing countries than on other imports and they tended to escalate in step with the degreee of processing. Tariff concessions under the generalized system of preferences (GSP) had redressed these problems only in part since only one-fourth of the dutiable exports of developing countries enjoyed preferential treatment. "If the export orientation efforts of developing countries are to pay off", Mr. Dadzie added, "developed countries must resist protectionist pressures and honour fully and promptly their commitments to roll-back existing non-tariff measures".



Uruguay Round Developments

With regard to the trading system, Mr. Dadzie stressed the importance of a balanced outcome to the Uruguay Round. While considerable progress had been registered in the negotiations, "yet with barely a year to go, the perception of developing countries is that the negotiations are not moving quickly enough towards their expectations". More than that, they were themselves under pressure to make concessions both in areas of traditional concern, such as natural resource-based products, and on the so-called "new issues", for example, by assuming higher levels of obligation on intellectual property pro-

tection. He added that "In the light of these concerns, special efforts are required to demonstrate that the principles governing the . . . negotiations, and in particular those designed to protect the legitimate interests of the developing countries, continue to command general adherence".

Beyond the Round

Looking beyond the Uruguay Round, Mr. Dadzie warned that the time had come to begin examining other issues not included in the Round but which could nevertheless have a profound impact on the future of the trading system. These included the fast pace of technological development, the emergence of large capital flows unrelated to trade, exchange rate instability, the evolution of bilateral and other economic integration arrangements involving important trading countries, the role of transnational corporations in international trade and the greater integration of non-market economy countries in the trading system. The very nature of these issues, whose implications extend beyond the confines of the trading system, underlined the importance of discussing trade issues in the broader context of interdependence, an integrated approach which, Mr. Dadzie recalled, was "well established in UNCTAD and has produced good results."

Concern Over Commodity Prices

Mr. Dadzie considered that the time was ripe for "bolder and more innovative initiatives" to increase earnings from commodities which were the lifeblood of a large number of developing countries. Following a 20 per cent drop, in real terms, in the prices of their principal commodity exports since the early 1980s, developing countries had lost over $120 billion in real export-earnings from commodities, not counting petroleum, " . . . a sum that would, had it materialized, have made a considerable difference to their development performance and their debt servicing capacity". Governments should step up their co-operation to improve the functioning of commodity markets and in that context to develop a firmer resolve to halt the slide of commodity prices. While the diversification of commodity-dependent economies was a long-term aim, prices received for commodity exports were, and would remain in the foreseeable future, an overriding concern of these countries.

Nowhere was such producer-consumer co-operation more desperately needed than for coffee and cocoa. Mr. Dadzie called for the political determination necessary to revive the Agreements on these two commodities and to make their economic provisions work effectively. Coffee and cocoa are the first and second largest non-fuel export products of Africa; coffee is the biggest agricultural export of Latin America and it is the most valuable export of the developing world after petroleum. Prices have dropped by a third to one half, and over the next year developing countries could lose as much as $5 billion from these two products alone. "The huge trade losses resulting from current commodity market conditions", Mr. Dadzie stated "vitiate the economic logic and negate the benefits of debt relief and additional financial flows to developing countries". Governments should also enable the Common Fund for Commodities rapidly to set in place the regulations necessary for the full operation of both its accounts.

Developing countries account for 90 per cent of world exports of coffee (Photo ILO)

Least Developed Countries Conference in 1990

Turning to major upcoming conferences, Mr. Dadzie indicated that the preparatory process for the Second United Nations Conference on the Least Developed Countries had gathered pace and will reach a crucial stage in the spring of 1990 when the Intergovernmental Group on the LDCs, which acts as the Preparatory Committee for the Conference, will meet in Geneva to assess draft proposals for a new programme of action for these countries. The Conference itself will be held in Paris in September 1990.

UNCTAD VIII Set for 1991

Mr. Dadzie said that the Board Declaration on the twenty-fifth anniversary of UNCTAD represented an important building block in the construction of a conceptual framework for UNCTAD VIII. While noting that consultations would be held on the

specifics of the Conference agenda, he offered some reflections on broad parameters which might inspire the agenda-setting process. The Conference, he said, should build on the platform provided by the UNCTAD VII consensus and on the current improvement in international political relations. The rising wave of ecological awareness and the accompanying recognition of the need for socially responsible behaviour by economic agents, public and private, in pursuit of sustainable development "should add a new dimension to the vision of interdependence and open the way for a more activist mode of multilateral development co-operation, notably in the areas of international trade, commodities, finance and technology."

Finally, the agenda for UNCTAD VIII should be "topical, selective and integrated". The Conference should seek to evolve explicit directions of international action in the medium term, aimed at creating favourable conditions for the success of the national development efforts of developing countries, in the context of interdependence. Emphasis should be placed on strengthening multilateral disciplines in the international economy and making international economic systems and structures more responsive to development needs, Mr. Dadzie concluded.

COMMITTEE ON MANUFACTURES MEETS

Current Trends Reviewed, New Work Programme Agreed

On 9 November the UNCTAD Committee on Manufactures unanimously adopted a decision which, in the words of its President, Mr. Maciej Lebkowski of Poland, should contribute to "... promoting general and consistent policies to expand and diversify the export trade of developing countries in manufactured and semi-manufactured products". This outcome, which was welcomed by the more than 70 participating countries, came at the end of a ten-day meeting characterized by a lively discussion which revealed varying and often contrasting viewpoints on a number of topical issues related to trade in manufactured goods.

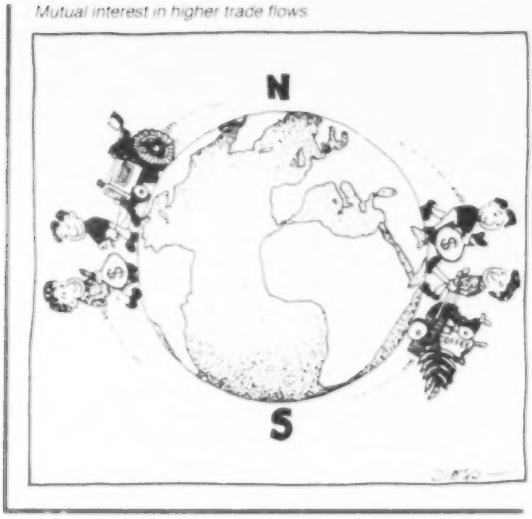
Some of these issues had been addressed by the Secretary-General of UNCTAD, Mr. K. K. S. Dadzie, in his opening statement to the meeting. He stressed, for example, the need for approaches to international trade policy to evolve in pace with the ever-increasing integration of the world economy and globalization of markets and production structures. All countries therefore had an interest in the reversal of the drift towards protectionism and managed trade and the strengthening of the international trading system. By tackling the increasingly varied protectionist barriers faced by developing countries, he said, the Committee would contribute to the Uruguay Round negotiations. According to the UNCTAD secretariat, non-tariff barriers, for example, currently affect almost 30 per cent of the exports of developing countries to the developed market-economies.

Referring to the completion of the Single European Market by the end of 1992 and the United States-Canada Free Trade Agreement, Mr. Dadzie considered that "an enlightened vision of the global interest would dictate that bilateral arrangements and regional integration need to develop along lines conducive to an open world trading system and in a way which imparts dynamism to world trade and to the development of developing countries". He cautioned that "should the formation of regional markets by developed countries result, on the contrary, in inward-looking self-protective postures, then exporters of manufactures in developing countries would be the main losers and the international trading system itself would be severely weakened".

As important as securing wider access to world markets was the need to support developing countries' endeavours to improve their ability to supply an increased volume and variety of industrial products. Developing countries still accounted for only 15 per cent of world exports of manufactures in 1988. Mr. Dadzie noted that countries whose trade and industrial policies had been conducive to high rates of investment in well-selected sectors had recorded high rates of growth of manufactures exports. However, foreign exchange scarcity and an inadequate industrial base in many countries called for a significant infusion of foreign resources, through an easing of debt-servicing burdens and an increase of investment, as well as of technology. He added that the mutual interest of developed and developing countries lay in the fact that enhanced exports by the latter would naturally increase their purchasing capacity, most of which would be used to import capital goods and intermediate inputs from developed countries.

Mr. Dadzie also noted the growing trend towards the creation of global production structures by industries from developed countries, using the industrial supply capabilities of enterprises in developing countries, located in least-

Mutual interest in higher trade flows



cost sites, for competitive reasons. He suggested that as this trend continues, "policies of both governments and enterprises would need to ensure that the resulting international division of labour evolves in line with the development objectives and industrialization strategies of the host developing countries".

Market Access and Export Supply Capabilities

Wide-ranging views were expressed in the Committee on the relative importance of market access limitations and of underdeveloped export supply capabilities as constraints on the expansion of manufactured exports from developing countries. For the latter countries, market access is the single most important factor. Moreover, the building-up of export supply capacities would only produce benefits if developed country markets were open to developing countries on a durable and stable basis. The spokeswoman for the developing countries pointed out that, in this respect, protectionism of all kinds continued unabated and non-tariff measures, in particular, were proliferating. Moreover, there were serious external constraints operating on the supply side, including declining flows of external financial resources and of technology transfers and an inadequate access to effective marketing channels.

The developed countries, on the other hand, attributed greater importance to the development of export supply capabilities which they saw as being essentially the responsibility of the developing countries themselves. At the same time, the spokeswoman for the developed countries pointed to the rapid, 13 per cent expansion in volume terms of developing countries' trade in 1988 and the growth in their share in world trade in manufactures as evidence that the problem of protectionsim had been overstated.

Varying views were also advanced on the related topic of industrial collaboration. While it was generally agreed that such collaboration could be an important avenue for expanding exports of manufactures from developing countries, the latter countries believed that the real benefits of such collaboration could be curtailed by such factors as a lack of technology transfer, the inadequate creation of linkages with domestic economies and the maintenance of restrictive practices. The developed countries, for their part, emphasized the importance of the creation of favourable economic and political conditions in the host economies for the attraction not only of industrial collaboration but also of direct foreign investment.

Regional Integration Arrangements

Developing countries expressed concern that regional integration arrangements among developed countries, in particular among the members of the European Community and between the United States and Canada, might lead to inward-looking attitudes and to further protectionism. The developed countries, and especially those among them which are participants in such arrangements, emphasized the trade-creating effects of regional economic integration which would benefit all trading partners, including the developing countries.

National Trade Policies

Referring to the case studies of the 32 countries considered in the secretariat's document *(TD/B/C.2/229)*, the spokeswoman for the developed countries concluded that there was a strong correlation between import liberalization, exchange rate stability, foreign investment and successful trade performances. The developed countries considered that sustained growth in exports is closely linked to prolonged expansion in domestic economic growth and that the latter is best assured by a dynamic private sector. In the view of these countries, external competitiveness is best promoted by a sound overall economic policy framework which emphasizes (a) a non-inflationary mix of macroeconomic policies, (b) a realistic, competitive exchange rate, and (c) a mix of structured policies which favour investment in exporting industries and work to keep input costs to a minimum. An open, liberal approach to external trade, which helps reduce costs is a necessary, but not necessarily sufficient, component of a policy framework geared to promoting external competitiveness.

The developing countries emphasized that there could be no uniform approach towards national trade policies in view of the widely differing economic conditions in developing countries at various stages of development. While in some cases it could play a role in export performance, import liberalization *per se* was not a panacea for all economic problems. In many cases, policies of selective intervention, with balanced incentives for production for the domestic and export markets, had proven to be a successful strategic approach. Each country would need to find the policy mix appropriate for its specific and dynamically changing economic situation. Moreover, national trade policies could do little in an international policy environment which was inimical to export expansion.

Committee Assesses Policy Needs

The Committee also discussed issues relating to South-South and East-South trade, the Uruguay Round and the Generalized System of Preferences. Although the discussion on these issues as well as on those referred to above reflected, by and large, familiar positions of the respective country groupings, some positive features nevertheless emerged. In spite of often polarized positions, all delegations engaged in a substantive discussion characterized by a frank and constructive dialogue.

This favourable debating climate contributed in no small way to the successful conclusion of the meeting with a unanimously adopted decision which reflects broad consensus on a number of key issues of concern to developing countries. For example, the Committee noted the "appreciable" growth of manufactures exports of developing countries in recent years, but expressed concern about their low share of world exports and their narrow product base. Hence "the need for substantial and sustained increase" in their participation in the world trade in manufactures.

The decision also identified action to be taken to improve both access to markets for products of export interest to developing countries and the export supply capability of the latter. With regard to market access, the Committee called for the elimination or reduction of tariff and non-tariff barriers as well as of tariff escalation. As to the need for improvement in export supply capabilities, the Committee recognized that "the primary responsibility" in adopting "appropriate policies" rested with the developing countries themselves, in accordance with their national development objectives and priorities, but that a supportive and stable international economic environment played "a key role". It emphasized that "external competitiveness will be best promoted by a sound economic policy framework conducive to the efficient allocation of resources". It also recognized that most developing countries will require larger resource flows. The Committee noted the role which foreign investment and industrial collaboration can play in this regard, "especially its potential for fostering indigenous technological development, training of technical and managerial manpower and developing local entrepreneurship", and stressed the importance of pursuing national policies which would encourage such investment.

New Work Programme Adopted

The Committee also decided on a comprehensive future work programme. It will continue to consider trends and features in the demand for, and supply of, manufactures and semi-manufactures of developing countries, "including changing patterns of comparative advantage". Market access and export supply aspects in specific sectors of current and potential export interest to developing countries will be examined, taking into account work being carried out elsewhere in the United Nations system.

The Committee will also consider "national policies, including trade regimes", having an impact on manufactured exports of developing countries, "drawing from experiences of various countries" as well as the implications and effects for developing countries of the outcome of the Uruguay Round.

Another item to be considered is the role of foreign investment and industrial collaboration, and related policies. The Committee further decided to consider the potential for increasing the export trade in manufactures and semi-manufactures of developing countries, including, *inter alia*, trade among these countries.

REVIEWS

DETERMINANTS OF PROTECTION AND EVOLVING FORMS OF NORTH-SOUTH TRADE

Juan A. de Castro

UNCTAD Discussion Paper–No. 26, June 1989

According to this paper the contention that North-South trade is managed needs to be refined. Certain types of such trade are clearly subject to protectionist forces, while others,

mostly derived from new and evolving forms of specialization, find increasingly open markets in developed countries. The paper provides some estimates on the magnitude and nature of these new forms of trade (mainly intra-industry trade) and discusses whether and how far they change traditional perceptions about comparative advantage and about the costs of adjustment and trade liberalization. In particular, it is shown that higher levels of import penetration in developed countries arising from vertical intra-industry trade exert less pressures for protection in these markets than equivalent upsurges of import penetration due to the expansion of developing countries' exports in line with traditional comparative advantages. The paper calls for the adoption of North/South "co-operative" interdependent industrial and trade strategies that may lead to trade liberalization and ways of overcoming protectionism.

PROTECTIONIST PRESSURES IN THE 1990s AND THE COHERENCE OF NORTH-SOUTH TRADE POLICIES

Juan A. de Castro
UNCTAD Discussion Paper–No. 27, August 1989

If development strategies are to be successful, developing countries will need to expand strongly their manufacturing exports in the coming decade. This paper shows that developed countries are continuing to resort to protectionist policies precisely at a time when developing countries are attempting to implement the outward-looking trade and development strategies very often advocated by the former. The paper attempts to quantify non-tariff protectionist pressures in the North that may arise in the 1990s and which could hamper the needed trade expansion of the South. According to the paper, even though non-tariff protectionist measures are expected to remain at their current levels, the benefits of trade liberalization in developed countries may be open only to a few developing countries that have succeeded in diversifying their exports and in exporting more goods with a higher technological content. Moreover, these relatively more industrialized developing countries often engage in considerable intra-industry trade with the developed countries. By contrast, the exports and development prospects of the majority of developing countries in the next decade are bleak and are largely dependent on whether the developed countries will make their own trade policies less patently incoherent with those of the developing countries which have embarked on more outward-looking development strategies.

UNCTAD STATISTICAL POCKET BOOK

United Nations publication:
Sales No. E.89.II.D.15

The second edition of the *Statistical Pocket Book*, published to coincide with the twenty-fifth anniversary of UNCTAD, reviews the evolution of the world economy in the past five years and considers the consequences for international trade and development. Part one presents a general perspective of development and offers comparisons between different country groups, geographical regions and countries. It provides an analysis of output and trade structures and a country-by-country table of socio-economic indicators.

Parts two and three focus on the recent slowdown in the development process and on the widening gap and the imbalances between developed and developing countries and between different groups of developing countries themselves in various aspects of trade, growth and development. Part two illustrates global economic and trade performance over the last 25 years in terms of production, income, population and trade in commodities and services. Part three is an analytical explanation of the picture presented in the first two parts in terms of the basic conditions essential for growth and development that have been disrupted through the adverse effects of developed and developing countries' domestic and external policies.

Part four contains a detailed presentation of current international trade and development issues on which UNCTAD has played a role in initiating the debate, contributing to the related research and proposing solutions. The six main issues covered include external indebtedness; commodities and commodity markets; trade expansion and protectionism; services; technology; and environmental issues. Part five focuses on the least developed countries in view of the 1990 Conference on these countries, and on South-South trade, where the negative impact of the problems of growth and adjustment on trade among developing countries is illustrated.

NOTES

NEW INTERNATIONAL AGREEMENT ON JUTE

At a United Nations Conference convened under UNCTAD auspices, producer countries representing 99 per cent of world jute exports and consumer countries representing 63 per cent of imports on 3 November adopted a successor

agreement to the International Agreement on Jute and Jute Products, 1982, which expires in January 1991. The new Agreement will be valid for five years, with a possibility of two extensions of two years each.

According to the President of the Conference, Mr. Robert E. van Schaagen of the Netherlands, the new Agreement is intended to maintain an international framework for efforts to improve structural conditions in the jute market and enhance the competitiveness of jute and jute products. He also highlighted two important characteristics of the Agreement: the first is the emphasis placed on environmental aspects, which should be given due consideration in the activities of the International Jute Organisation (IJO), particularly by creating awareness of the beneficial effects of jute as a natural, bio-degradable product. The second is the identification of human resource development in the jute economy as a priority area.

LDC CONFERENCE PREPARATIONS

In a series of issue-related meetings convened as part of the preparations for the Second United Nations Conference on the Least Developed Countries (LDCs) to be held in Paris in September 1990, UNCTAD and the German Foundation for International Development (DSE) organized a High-level Experts' Meeting on the Role of Non-Governmental Organizations in the Development of the LDCs in Kathmandu from 8–10 November. This was the first time that the United Nations had brought together such a large and representative number of non-governmental actors and experts on this specific subject. The meeting focused on ways and means of enhancing the effectiveness of both national and international NGOs in helping to achieve the development objectives of LDCs. It produced recommendations addressed to the NGOs, the Governments of donor countries and of LDCs, and financial assistance institutions, on the one hand, and to the remaining preparatory meetings leading up to the 1990 Conference, on the other.

Also in November, the Government of Denmark hosted a three-day informal meeting which brought together some 40 experts from LDCs, donor countries, UNCTAD and other United Nations' agencies, and the World Bank and the International Monetary Fund. The experts had a constructive exchange of views on the changes in the situation of LDCs during the 1980s, on the desired outcome of the Paris Conference and on the follow-up of the Conference. The wide-ranging views aired at the meeting are expected to assist the UNCTAD secretariat in preparing the documentation for the March 1990 meeting of the Inter-governmental Group on the LDCs, which will act as the Preparatory Committee for the Paris Conference.

WORKSHOP ON AFRICA'S COCOA TRADE WITH EASTERN EUROPE

UNCTAD, in collaboration with the Ministry of External Economic Relations of the USSR and the All-Union Academy for Foreign Trade, organized a Workshop in Moscow from 20–24 November on the possibilities for an expansion of trade in cocoa between developing countries of Africa and the socialist countries of Eastern Europe. The Workshop formed part of UNCTAD's contribution to the United Nations Programme of African Economic Recovery and Development, which specifically called for expanded technical assistance and promotion of trade between Africa and the socialist countries of Eastern Europe.

FORTHCOMING UNCTAD MEETINGS

- Committee on Invisibles and Financing Related to Trade (Geneva, 13th session, first part (Insurance), ***5 to 9 February***)
- Working Party on the Medium-Term Plan and the Programme Budget (Geneva, 19th session, ***12 to 16 February***)
- Trade and Development Board (Geneva, 16th special session, during week of ***5 to 9 March***)
- Trade and Development Board (Geneva, 36th session, second part, ***12 to 23 March***)
- Intergovernmental Group on the Least Developed Countries (Geneva, 7th session, ***26 March to 6 April***)
- Intergovernmental Group of Experts on Restrictive Business Practices (Geneva, 9th session, ***23 to 27 April***)
- Joint Advisory Group on the International Trade Centre UNCTAD/GATT (Geneva, 23rd session, ***23 to 27 April***)
- Committee on Invisibles and Financing Related to Trade (Geneva, 13th session, second part (Financing related to trade), ***30 April to 8 May***)

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UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT

EDITORIAL

A major concern of the international community in the 1990s will be how to meet the financial requirements of the developing countries. After a decade of stagnation and financial stringency many of them now have a lower per capita GNP than in 1980. Such deterioration is not politically or socially sustainable for much longer. Redressing this situation, however, will necessitate huge amounts of finance, particularly foreign exchange. Will it be forthcoming? The recent OECD commitment to "collectively seek to achieve further substantial increases in the aggregate level of aid" must be viewed against the virtual halving of net financial flows to developing countries in real terms in the 1980s. Moreover, forecasts issued by United Nations and other bodies all assume little change in the supply of conventional forms of external finance and foresee no new forms. Finally, there is a risk that investment and aid for Eastern Europe may divert finance from developing countries.

The international system of financial co-operation clearly faces a major challenge if growth and macro-economic stability in most developing countries are to be restored. This will require further domestic measures and more international support, though the "effort mix" will differ across countries. In the least developed countries, for example, even if domestic savings were to double, an ODA target of some 0.20 per cent of donors' GNP–twice the current level–would still be needed to ensure a 5 per cent GDP growth rate. On the other hand, potential does exist in some other developing countries for raising savings ratios through policy and institutional reforms, including greater fiscal discipline and the re-allocation of resources away from non-productive uses.

In the short term, however, the adjustment efforts of developing countries are unlikely alone to produce sustained growth and reactivate development. Substantial external financing, often combined with debt relief, will still be needed, as will more efficient aid co-ordination and innovative methods of financing. In turn this will require an improved national savings performance in some developed countries and the recycling of surpluses by others. Moreover, the "peace dividend" from disarmament and new finance for environmental conservation may become politically feasible before long.

The United Nations Conference on Trade and Development (UNCTAD) was set up by the General Assembly in 1964 as one of its permanent organs, mandated to promote international trade, particularly that of developing countries, with a view to accelerating their economic development. UNCTAD has evolved into a universal forum with a development perspective, in which member States review the interdependence of economies and of issues in trade, money and finance. UNCTAD is composed of 168 member States, including the 159 members of the United Nations; many intergovernmental and non-governmental organizations have observer status. The Conference normally meets every four years at ministerial level to establish policy guidelines. Between sessions, work is carried out by the Trade and Development Board and its standing committees dealing with commodities, manufactures, tariff preferences, development finance and insurance, shipping, transfer of technology and economic co-operation among developing countries, and by other subsidiary bodies. The problems of the least developed countries and of Africa's economic recovery receive special attention in UNCTAD's work. The UNCTAD staff–part of the United Nations Secretariat–numbers about 400 and is headed by a Secretary-General, currently Mr. Kenneth K. S. Dadzie (Ghana).

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Michael C. Bonello, Editor.

ACTIVITIES

TECHNICAL CO-OPERATION: THE UNCTAD EXPERIENCE

Technical co-operation has always been an essential aspect of UNCTAD's mandate in support of its broader policy objectives. After UNCTAD became a Participating and Executing Agency of the United Nations Development Programme (UNDP) in 1968, technical co-operation assumed an increasingly important role in the overall work of the organization. The individual components of UNCTAD's technical co-operation programme will be the subject of specific articles to appear in successive issues of the *Bulletin*. This first article provides the background for the series. It discusses the objectives of the programme; its financing and implementation; project design and delivery; the development of a management information system; and the outlook for the 1990s.

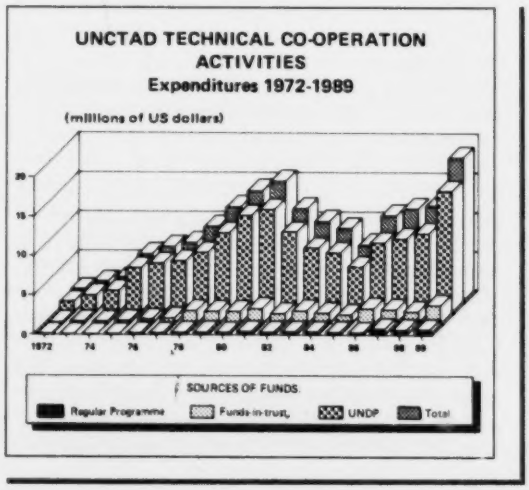
Overall Objectives

The rapidly changing international economic environment for development, as well as important shifts in flows of trade, financial and human resources, capital and technology are having a marked impact on developing countries. Recognizing the signals associated with such changes and reacting swiftly to opportunities that may arise in connection with them is not an easy task. In this context, the broad objectives of UNCTAD's technical co-operation are: to increase the capacities of developing countries to address strategic issues in international economic relations and to enhance their effective participation in the formulation and implementation of strategies and policies relating to international trade and development; to promote a better functioning of the international economic system in support of national development; and to strengthen economic co-operation among developing countries.

These objectives are pursued through a deliberate attempt to link operational activities as far as possible with the research and analytical work of the secretariat and to make this expertise available to developing countries, at their request, for strengthening their national and collective capacities. This includes (i) the policy guidance and decisions of the intergovernmental machinery of UNCTAD; (ii) the established analytical expertise and conceptual innovations of the secretariat in many areas of crucial concern to developing countries, including the formulation of trade and adjustment policies, as well as of commodity policy; the promotion of trade expansion and other forms of economic co-operation; the management of external resources and debt; the development of the services sector in general and of particular service industries, including maritime and multimodal transport and insurance; the formulation of appropriate policies related to the technological dimension of development; and the development of human resources; (iii) the information available in the secretariat's statistical services, extensive data banks and information systems on topics such as trade control measures and structural change and adjustment; and (iv) the various management information software programmes developed by the secretariat for member States to use for their own decision-making and management purposes. In turn, this interlinkage between normative and operational activities serves as an important source of feedback to the secretariat for the identification of areas susceptible to improvement and to further research and analysis, as well as for intergovernmental consideration.

Financing and Implementation

As the chart shows, UNDP has consistently provided the bulk of the financing for UNCTAD's technical co-operation activities. In 1989 that share was 84 per cent. A further 12 per cent was provided directly by donor countries under funds-in-trust arrangements while the balance came from the United Nations regular budget. UNCTAD is seeking to increase its co-operation with bilateral sources of donor support, consistently with the central funding role of UNDP. Other options being considered are co-financing, subcontracting, technical co-operation among developing countries (TCDC) and the use of



United Nations volunteers. At the same time, contributions in cash and in kind are received from bilateral and multilateral institutions and, to a lesser extent, from non-official sources. Closer relations with development finance institutions and multilateral development banks are also being promoted, including the provision of the information in the secretariat's data banks and software systems to developing country borrowers from such organizations.

With regard to project identification and implementation, UNCTAD relies on the UNDP Resident Representative in individual countries for the transmission of initial requests for technical co-operation and for handling subsequent communications relating to project implementation. In recent years there has also been a more intensive pattern of regular consultations both between the senior management of the two organizations as well as at the working level.

Apart from the UNDP, UNCTAD's technical co-operation involves active contacts with many other organizations. Foremost among them is the UNCTAD/GATT International Trade Centre (ITC). Regular contact is maintained at the policy and working level and a consultative mechanism has recently been created. Over the past year, particular attention has been paid to collaboration for broad trade development projects in order to harmonize the trade policy concerns of UNCTAD and the export promotion responsibilities of ITC.

Working relations are also maintained with organizations in the United Nations system, including the World Bank, GATT, FAO, UNIDO, UNESCO, ILO, IMO and WIPO, as well as with various parts of the United Nations Secretariat, particularly the five regional commissions, the Department of Technical Co-operation for Development (DTCD) and the United Nations Centre for Science and Technology for Development (UNCSTD). Contacts have also been established with regional and subregional integration and co-operation organizations, as well as with training and research institutions, particularly for the identification of technical co-operation needs and the formulation and implementation of projects.

Recent Trends in Technical Co-operation

UNCTAD's technical co-operation programme has expanded steadily since 1985: from US$7.2 million in that year it grew to $12.2 million in 1988, then increased by more than half in 1989 to $18.4 million (see table). The number of projects under implementation rose from 145 in 1988 to 164. Of these, 84 projects had a total allocation of $250,000 or more and represented about 80 per cent of total 1989 expenditures.

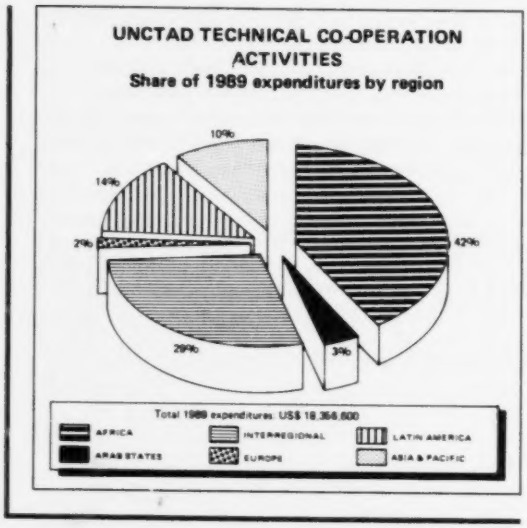
Field of activity	1988		1989	
	$'000	%	$'000	%
International Trade Programmes	2,352.2	19.3	3,782.1	20.6
Resources for Development Progr.	2,285.7	18.8	4,311.6	23.5
Commodities	70.6	0.6	721.3	3.9
ECDC	1,513.3	12.4	897.1	4.9
Shipping	3,245.4	26.6	3,612.4	19.7
Data Management	1,771.0	14.5	3,201.6	17.4
Cross Sectoral	949.0	7.8	1,830.5	10.0
Total	12,187.2	100.0	18,356.6	100.0

The table shows that most programme areas have experienced growth in 1989. Three factors were largely responsible: first, the assistance to developing countries participating in the Uruguay Round Negotiations. The intense activity in 1989 entirely explains the $1.4 million increase in spending on International Trade Programmes as well as the higher share in the total; second, technical co-operation expenditures on the Resources for Development Programmes almost doubled in 1989, making for the largest share, 24 per cent. This was almost all attributable to the support given to the LDCs in their preparations for the September Conference on these countries and to the coming on stream of relatively large transit/transport projects in African LDCs; third, there have been increased requests for the management information and other software programmes developed by the secretariat relating to various fields of activity.

As for the reduced amount spent on activities related to Economic Co-operation among Developing Countries (ECDC), such activities undertaken at the regional and/or subregional levels are, system-wide, increasingly entrusted by UNDP to regional commissions or to the integration secretariats themselves for execution.

The geographical distribution of UNCTAD's technical co-operation programme, meanwhile, has remained predominantly inter-country, as would be expected given the international nature of trade and economic co-operation. Expenditures on inter-country projects, which include interregional projects, accounted for 75 per cent of the total in 1989, compared to 69 per cent in 1988. A notable feature in 1989 was a sharply

increased share for projects in Africa, both at the country and regional level, to 42 per cent or $7.7 million. This growth offset lower shares for Europe and the Arab States, while interregional projects and projects in Latin America and the Asia/Pacific region roughly maintained their 1988 shares with 29 per cent, 14 per cent and 10 per cent, respectively.



Project Design and Delivery

The expansion of technical co-operation activities currently under way implies the need to improve the substantive backstopping and other qualitative aspects of project design and delivery. In this context the focus on the main programme areas is being sharpened. Improvements are also being introduced for project management and monitoring *(see next section)* which, in turn, should facilitate the work of project officers. Some donors have agreed to include management and technical support in interregional projects, which will ease certain backstopping constraints.

In the area of sectoral support, UNDP provides UNCTAD with resources to assure short-term assistance to governments and to UNDP Resident Representatives in identifying and formulating specific technical co-operation programmes and projects. All major UNDP-financed projects are carefully reviewed and appraised by UNDP headquarters before approval. Such evaluation helps to assess the relevance and effectiveness of projects in relation to agreed objectives, as well as to promote the interlinkage between analytical work, support for intergovernmental consultations and operational activities in specific programme areas.

Meanwhile, efforts are continuing to update the roster of experts and consultants for assignment under the UNCTAD technical co-operation programme. It is worthy of note that the number of long-term experts, i.e., those serving for 12 months or more, is declining in both absolute and relative terms, reflecting the growth of national capacities in developing countries.

Training activities are also expanding. UNCTAD has organized seminars and workshops covering about 30 subjects from which 800 to 900 senior officials and managers benefit each year. In addition, two large training programmes–the Generalized System of Preferences (GSP) programme (900 participants in 1988) and TRAINMAR/IPP for maritime transport (about 3,000 beneficiaries per year)–are being carried out.

Project Management Information System

The growth of UNCTAD's activities and the decentralization of responsibility for project implementation to individual Programmes and Divisions have given rise to the need for an improved flow of information and ready access to relevant data in order to ensure the optimal use of extra-budgetary funds. The computerized data base for budget control and reporting purposes has been expanded so as to improve the flow of information to project officers. Moreover, it will now constitute the basis for the introduction later this year of a Project Management Information System designed to provide timely and accurate management data on technical co-operation projects, such as: a continuous assessment of the state of implementation of projects at different levels of management; reviews of technical co-operation activities to facilitate timely and result-oriented decision-making; financial and other information required for reporting to financing institutions such as UNDP and to donors, as well as to UNCTAD's intergovernmental bodies.

Past Record Inspires Confidence

The rapid changes taking place in the international economy call for sustained support to developing countries to adjust to, and to take advantage of, new opportunities. In this perspective the size of UNCTAD's technical co-operation programme, even if the growth rate of recent years is maintained, will remain modest compared to the needs of developing countries. UNCTAD's not insignificant achievements in this field however,–some typical examples of which are featured in the box–are at once a source of satisfaction, given the limited resources available, and also of encouragement to the secretariat in meeting the growing demands for

assistance. For the challenge of the 1990s is a formidable one. It lies not only in maintaining the momentum of growth, but also in giving increased impetus to technical co-operation in all areas of UNCTAD's mandate. Above all it will be necessary to develop technical co-operation programmes in such a manner that the various activities grow in harmony with each other as well as in relation to other operations of the secretariat and to those of other providers of technical co-operation.

Technical Co-operation Pays Off

Technical co-operation often deals with the intangible and unquantifiable aspects of human resource development and institution-building. There is an additional feature, however, namely the direct economic and financial benefits accruing to recipient countries. For example:

- UNCTAD's Automated System for Customs Data (ASYCUDA) reduces export costs for traders while actually increasing customs revenue. One least developed country in Africa, for instance, reports that the increase in customs receipts in just one year now totals approximately four times the US$1 million invested in computerizing its customs procedures with UNCTAD's assistance.
- Central banks or ministries of finance utilizing the UNCTAD Debt Management and Financial Analysis System (DMFAS) have found errors in their favour on the timing and amounts of repayments that more than cover the cost of the technical co-operation project.
- Advice on the utilization of GSP schemes has helped individual exporters exploit significant new trading opportunities and increase foreign exchange earnings. For example, exports of certain Nepalese carpets to the United States will for the first time qualify for duty-free treatment as handicraft products; Peruvian exports of leather articles were able to continue receiving duty-free treatment after quantitative limits under the GSP were reached by utilizing a preferential quota on such goods under the EEC handicraft regime; and the preferential rate on beeswax, a highly import-sensitive product under the Japanese GSP scheme, was reduced to duty-free status for LDC beneficiaries, in response to requests from African LDC exporters.

WORLD TRADE INSTITUTIONS: TIME FOR CHANGE?

At two separate points in his opening statement to the spring session of the Trade and Development Board on 12 March, which is traditionally devoted to trade issues, the Secretary-General of UNCTAD, Mr. K. K. S. Dadzie, took his cue from an analysis of recent developments in the Uruguay Round of multilateral trade negotiations to make some important observations about the incompleteness of institutional arrangements relating to the multilateral oversight of international trade and development.

A Role for the United Nations

After stressing the importance of a balanced outcome of the Uruguay Round which took fully into account the specific needs of the developing countries, Mr. Dadzie drew the attention of the Board to the work which was being done in the Round on the strengthening of policy coherence in the areas of trade, money and finance. He pointed out, echoing a similar statement made by the Director-General of the GATT on the occasion of UNCTAD's twenty-fifth anniversary *(see "UNCTAD Bulletin", No. 1 1990, page 4)*, that since its inception UNCTAD had successfully promoted intergovernmental deliberations and convergent perceptions on what is known as "interdependence" of trade, money and finance. Mr. Dadzie recalled that UNCTAD's work in this area had been strongly endorsed, both by the Final Act of UNCTAD VII and by the twenty-fifth anniversary Declaration adopted by the Board. He noted that in contrast, however, the discussions on policy coherence in the context of the Uruguay Round have centred on the need for institutional and political linkages between the GATT, the IMF and the World Bank. "No doubt", Mr. Dadzie added, "before reaching conclusions on this highly important question, member States will wish to consider the roles of all competent intergovernmental mechanisms at their disposal, including the role of the United Nations under its Charter and within it, the role of UNCTAD to which I have just referred."

Essential Features of a New Trade Institution

The Secretary-General returned to the theme of the incompleteness of institutional arrangements for dealing with problems of international trade when he observed that international commodity problems, of such great consequence for developing countries, are only partly covered by the Uruguay Round. He recalled that both the GATT

and subsequently UNCTAD were responses to the failure of governments to agree in the 1940s on the establishment of a comprehensive international trade organization. Such an organization–as envisaged in the Havana Charter of 1948–would have dealt, *inter alia*, with questions of economic development, foreign investment, restrictive business practices and international commodity policy, as well as with the issues of commercial policy incorporated in the GATT. When UNCTAD was set up, it was mandated to study matters related to the establishment of such an organization. In fact, this issue was discussed at sessions of the Conference until UNCTAD VI. "It has now resurfaced", Mr. Dadzie said, "with somewhat different parameters, on the fringes of the multilateral trade negotiations". He was referring to press reports that the Italian Minister for Foreign Trade had put forward the idea of an international trade organization.

He went on to express the view that it would indeed be welcome if the international community, through the United Nations, were to agree, "in a new wave of commitment to multilateralism", to work towards an international trade organization which would have to be comprehensive in subject coverage, universal in membership, based on agreed objectives and norms of behaviour, responsive to the interests of all its members, equitable in decision-making and organically linked to related institutional arrangements in the areas of money and finance. "It is to be hoped", Mr. Dadzie concluded, "that this ambitious aim will be kept firmly in view in current discussions and that the establishment of new institutional mechanisms in the area of trade will be seen not in relation to a specific negotiating process but in this wider perspective."

PARIS CONFERENCE ON LDCs

Preparations Enter Final Phase

The preparatory process for the Second United Nations Conference on the Least Developed Countries (LDCs) to be held in Paris from 3-14 September culminated with the meeting of the Intergovernmental Group on the LDCs which opened on 26 March in Geneva and was still under way as this issue of the *Bulletin* went to print. The outcome of the meeting will be reported in the next issue; meanwhile the highlights of the report prepared for the occasion by the UNCTAD secretariat *(A/CONF.147/PC/5)* are summarized below. This article also briefly reviews three other recent preparatory meetings.

The Paris Conference will provide the theme for the July-August issue of the *Bulletin*. It will include messages from Heads of State, a calendar of the preparatory process, articles on the main issues before the Conference and on UNCTAD's technical co-operation with LDCs as well as practical and logistical information for Conference delegates and other participants including journalists and NGOs.

Programme of Action for the 1990s

In 1981, a Substantial New Programme of Action for the 1980s for the Least Developed Countries (SNPA) was adopted in Paris by the first United Nations Conference on the LDCs designed to assist these countries in achieving self-sustained development. During the decade of the SNPA, however, domestic policy shortcomings and inadequate structural adjustment programmes, combined with an adverse international economic environment and insufficient international support have on average produced in the LDCs as a whole a GDP growth rate lower than that recorded in the preceding decade. More disappointingly, this growth rate, unlike that of the 1970s, was negative in per capita terms.

While confirming the conclusion that the generally dismal record of LDCs' performance can be explained largely in terms of inadequate development policies and support measures, the secretariat report referred to above believes this to be in itself a source of hope: these deficiencies are man-made and are therefore reversible. Moreover, the report detects a greater awareness among the international community of the special problems and requirements of the LDCs than in the past. Concluding that the case of the LDCs is, therefore, a challenge to the commitment both of the government and people of each of these countries and of the international community as a whole, the report highlights elements of a programme of action designed to meet this challenge.

Basic Principles

The first principle of such a programme is that success depends on a strengthened partnership between the LDCs and their development partners, geared towards developing and implementing sound strategies and policies designed to produce accelerated growth and

sustained development. The second principle is that the LDCs must mobilize their national resources fully and efficiently through the adoption of appropriate macro-economic, long-term sectoral and poverty alleviation policies. The third principle is that the LDCs' development partners must provide both external assistance in adequate volumes and terms to support these policies as well as compensatory measures in case of adverse economic circumstances.

The Global Framework

The report goes on to suggest elements of a reference framework for the implementation of the above principles. It first identifies four elements of a global framework, i.e., the macro-economic policy context; the provision of adequate financing; support measures for LDCs' trade; and strengthening co-operation between LDCs and other developing countries. Policy guidelines are suggested in each area, including the need to promote investment and long-term growth while maintaining external monetary and fiscal stability and reducing poverty; ways of mobilizing domestic financial resources; the call for a sufficient volume and effective use of external financial support, including an ODA target to be raised by the year 2000 to 0.20 per cent of donors' GNP on the average and comprehensive debt relief aimed at debt reduction; and the need to support the diversification of the external trade of LDCs through better access to markets and improved compensatory financing.

The report next tackles the important problem of mobilizing human capacities in LDCs. It stresses the role of policies designed to increase the involvement of all groups in the development process and to strengthen human capital, in particular through the access of the population to basic social services. Under these headings the report discusses improvements in institutional capabilities, the role of public enterprises, of the indigenous private enterprise sector and of NGOs; as well as population, education and training and health policies.

Another major challenge for the LDCs is how to modernize and integrate the productive base primarily to escape from heavy dependence on commodities and on the importation of food. Developing this theme, the report discusses the importance of rural development and the modernization of agricultural production; the rehabilitation and expansion of the industrial, service and technological base; improvements to the infrastructure, the sound management of the national environment and disaster mitigation. Finally, the special problems of certain groups of LDCs, such as land-locked and island LDCs, are tackled.

Having analysed the current situation of the LDCs and made policy proposals as indicated above, the report stresses that the establishment of effective follow-up and monitoring mechanisms is a key to the successful implementation and monitoring of any programme of action adopted for the 1990s. Drawing on the experience gained from the programme for the 1980s, the report makes proposals for appropriate review and monitoring actions at the national, regional and global levels.

LDCs Ministerial Meeting

Prior to the IGG meeting in Geneva, other meetings related to the Paris Conference had taken place earlier this year. Foremost among them was the Ministerial Meeting of the LDCs held in Dhaka, Bangladesh, from 10-12 February. In a Declaration, the Ministers, while reaffirming the validity of the main objectives of the SNPA, expressed the hope that the Paris Conference will formulate and adopt an effective Plan of Action for the 1990s that would arrest the deterioration experienced by the LDCs and put them on a path of sustained development. The Declaration also stresses the need for sustained, co-ordinated and effective follow-up and monitoring of such a Plan, at the national and global levels, with the active participation of the LDCs, donor governments, multilateral agencies and other United Nations bodies. In order to facilitate the formulation of concrete measures by the Conference, the Ministers also undertook a comprehensive assessment of recent socio-economic trends in LDCs and of overall requirements for the 1990s, and formulated specific measures to be included in a Plan of Action for the 1990s. These measures include a call for the total write-off of all LDCs' debts, and are set forth in the Dhaka Document annexed to the Declaration.

The Role of Women in LDCs

The role of women in the development of the LDCs was discussed by a group of experts at a meeting convened by UNCTAD in Niamey, Niger from 29-31 January, with the financial support of the Governments of Canada, the Netherlands and Norway. Experts from 15 LDCs as well as representatives of bilateral

and multilateral institutions, NGOs and regional development research centres participated. The agreed conclusions and recommendations of the meeting *(UNCLDC/II/5)*, include measures to be taken at the national and international levels. The former include policies aimed at enhancing women's access to, and participation in the social sector; promoting women's involvement in the productive sectors, *inter alia*, through improved access to credit and property rights and incorporating women's concerns in mainstream development, including greater participation of women in decision-making and development planning. At the international level, the recommendations were particularly concerned with the social impact of structural adjustment programmes on women, and the establishment of centres for the development of appropriate technology for women. The meeting also requested that a programme for women be explicitly included in the Programme of Action for the LDCs for the 1990s.

The LDCs and Eastern Europe

With the financial support of the USSR, UNCTAD organized a Symposium on Trade, Technical and Economic Co-operation between the LDCs and the countries of Eastern Europe in Moscow from 28 February-2 March. The Symposium focused on some key areas in which the latter countries could make an important contribution to the efforts of LDCs. The participants, who included those from 17 LDCs, considered the benefits, constraints and prospects of the existing mechanisms governing economic relations between the two groups of countries.

The possible repercussions of current developments in the countries of Eastern Europe attracted a great deal of attention since participants were concerned that these developments might adversely affect North-South co-operation and, in particular, East-South co-operation. Participants were reassured, however, that the move towards restructuring the USSR's economic relationships with the rest of the world and, more specifically, the new emerging political climate in East-South relations would have a positive impact on trade with the LDCs.

In considering the priorities for the 1990s, the participants endorsed the idea of a "selective approach". This entails the designation of particular sectors critical to the development of LDCs to be accorded high priority in the allocation of national and international resources. In this context the meeting underscored the importance of the continuation of existing education and training co-operation and, taking into account current developments in the countries of Eastern Europe, stressed the potential of enterprise to enterprise co-operation between these countries and the LDCs.

REPORT

EXTERNAL FINANCING OF DEVELOPMENT IN THE 1990s*

As the *Editorial* points out, the 1990s will pose major challenges in the area of development finance. Some of these involve the successful resolution of long-standing problems–such as the consequence of excessive external indebtedness in many developing countries. Others, for example strengthening the domestic savings effort and fostering the efficient allocation of savings, are an integral part of the development process itself. These concerns, however, will take on fresh relevance in the 1990s, when the net overall contribution to domestic investment of transfers from abroad can be expected to be negligible, or–as was the case for many countries in the 1980s–negative. Still other issues, for example the external financial dimensions of the current changes in Eastern Europe, are of more recent vintage. This article discusses some of those issues relating to the external financing of development which are influenced primarily by the policies of creditor-country governments.

The Supply of External Finance

The supply of external finance–both official and private–will be influenced by the macro-economic policies of industrial countries and by the co-ordination of such policies. The United States current account deficit represents a major drain on world savings. Reduced savings propensity in OECD countries as a whole, moreover, has put upward pressure on real interest rates and has contributed to the fall in capital flows to the

* *This article is drawn from an UNCTAD secretariat report "The External Financing of Development" (TD/B/C.3/235) prepared in connection with the thirteenth session of the Committee on Invisibles and Financing Related to Trade which opens on 30 April.*

developing world. Higher savings rates could, therefore, improve the capacity of developed market economies to provide an increased net flow of resources to developing countries. Furthermore, policy co-ordination among industrial countries has almost entirely focused on attempting to reconcile imbalances only among themselves. It has not included among its objectives the generation of a current account surplus within their group, and the design of appropriate mechanisms for channelling targeted surpluses towards developing countries. Multilateral institutions can play a key role here, by explicitly attempting to integrate development finance concerns and issues into the process of policy co-ordination.

Despite the absence of a multilateral framework, Japan has recently launched recycling programmes for developing countries which display several interesting features that should be taken into account in the design of mechanisms to channel finance to developing countries. First, much of the recycling takes the form of co-financing with the multilateral institutions. Second, loans from the Export-Import Bank of Japan are completely untied. This not only provides greater purchasing flexibility to developing countries, but it is also a potentially powerful indirect way to reduce the trade deficit of the United States without depressing the world economy. Third, Japanese recycling relies extensively on joint financing: private institutions gather funds while public institutions serve as intermediaries to reduce the risk of investment projects in developing countries, such as by providing appropriate guarantees or an interest subsidy.

The Adequacy of Official Development Finance

The outlook for the supply of official development assistance (ODA)—which provided half of the net financial flows to developing countries in 1988—is particularly bleak. According to the OECD secretariat, such concessional flows from all donors are expected to expand at an average annual rate of only about 2 per cent over the next few years. Prospects for multilateral concessional assistance are equally poor. The recent ninth IDA replenishment implies no increase in real terms. But the worsened debt crisis, commodity price declines and the urgent need for further adjustment have considerably raised recipients' requirements. At the same time, stagnant IDA resources have to accommodate the needs of newly eligible major countries such as Nigeria, and possibly Angola. Under this scenario, it is difficult to envisage how the financial needs of sub-Saharan Africa will be met. In the absence of a further major increase in global ODA, a further shift of aid from other developing countries to Africa will hinder the adjustment efforts of the former countries. In this context, the replenishment of the concessional resources of the regional development banks this year could be an opportunity to make up for the inadequacy of IDA-9 resources. In addition, since the funds allocated to the IMF's Enhanced Structural Adjustment Facility (ESAF) are expected to be entirely committed by the end of 1990, the issue of the ESAF replenishment will also arise.

As for non-concessional multilateral resources, assessing their future adequacy has become a difficult task because of their increasing complementarity with private flows and debt reduction operations. The main issue here is the extent to which lending from multilateral institutions to the highly-indebted middle-income countries (HICs) can safely increase without jeopardizing both the ability of the institutions to provide adequate financing to other borrowers and their own creditworthiness.

The Bretton Woods institutions will be playing an increasingly important role in the strengthened debt strategy for the HICs over the next three years. There are strong doubts, however, as to whether the size of the debt reduction attainable with the resources available to them, about $30-$35 billion, would be sufficient to remove the debt overhang. In the early 1990s, the expected reduction in annual debt service is estimated to average about $6 billion for the 19 likely beneficiaries, compared with a $10 billion annual financing gap. The $4 billion shortfall could be filled by new money from banks, but there are serious questions as to the extent to which it would be possible to combine the new money with significant debt reduction.

Under these circumstances, the institutions are confronted with serious dilemmas. The World Bank, for example, might consider increasing its lending to the HICs, either by providing more money for debt reduction or by expanding the volume of its normal operations. Both alternatives, however, raise several difficult issues, leading to the conclusion that a significant increase in multilateral lending to the HICs cannot be envisaged unless it takes place in the context of a considerable additional reduction in commercial bank debt effected through means other than the resources of the multilateral institutions.

A related issue is how the IMF can play a significant role in reducing negative net transfers in developing countries generally. In the 1980s, with the Fund's involvement in the debt crisis, the developing countries drew heavily on it. Unless the Fund's repayment provisions are changed, not only net transfers but also net disbursements to developing countries will continue to be nega-

tive. In view of the increased financial needs of developing countries and Eastern European countries, the increase in IMF quotas which is likely to emerge from current negotiations could well fall far short of requirements.

The Impact of Reforms in Eastern Europe

Economic and social restructuring in Eastern European countries and their progressive integration into the world economy will require new inflows of financial resources in convertible currencies on an unprecedented scale. The issue that arises concerns the magnitude of the response from developed market-economy countries and the impact which this support might have on these governments' willingness to maintain or increase financial assistance, particularly ODA, to developing countries. Concern over this issue has led to reassurances that DAC countries' support to Eastern Europe "will not diminish their determination to give high priority to their development co-operation with the Third World". Nevertheless, at least in the short run, there is a risk of diversion of funds from development aid budgets. On the other hand, concessional assistance is viewed by donors as support for emergency situations. Once the critical initial phase of reforms is completed, one would expect that most external flows to Eastern Europe would be non-concessional. Furthermore, the reduction in arms expenditures resulting from the relaxation of East-West tensions could ensure additionality in aid programmes.

With regard to multilateral flows to Eastern Europe, if a large World Bank lending programme were to materialize, the issue that arises is whether it could be accommodated within the existing lending limits without "crowding out" planned financial assistance to developing country members. In the near term, the Bank has some leeway to expand total lending with existing resources. Over the longer term, however, the need for a general capital increase might arise.

In contrast with official capital flows, private flows are less subject to supply constraints. As for commercial bank lending, prospects would vary from country to country, though the banks would presumably try to limit their exposure in highly indebted countries. With regard to foreign direct investment, while transnational corporations have easy access to capital to fund their operations, the size of flows to Eastern Europe will depend importantly on the pace of reform itself, the maintenance of a stable investment climate, as well as the specific provisions governing the operation of foreign ventures. The availability of a skilled and educated work force at attractive wage rates, on the other hand, could influence the location decisions of such corporations.

REVIEWS

UNCTAD MONTHLY COMMODITY PRICE BULLETIN, 1970-1989 SUPPLEMENT

TD/B/C.1/CPB/L.101/Add.1

The new *Supplement* to the *UNCTAD Monthly Commodity Price Bulletin* includes indices and series of monthly, quarterly and annual average prices for the period January 1970-September 1989. Compared to its predecessor, published in 1984, the *Supplement* now offers 77 price series covering 46 internationally traded commodities. The UNCTAD price indices have been calculated initially for the base period 1984-1986, but in order to facilitate their comparison with indices in other publications, they have been recalculated with the year 1985 as base period. The structure of the indices has also been modified: a supplementary index for total food commodities, combining the indices for foods, tropical beverages, vegetable oils and oilseeds, has been introduced.

For the first time, the *Supplement* contains graphics which show trends in quarterly price averages for every commodity. These graphics are particularly useful for rapid consultation and comparison of price variations. They show, for example, the collapse in coffee prices of more than 40 per cent between the second and third quarter of 1989, when the monthly average price stood at its lowest level since May 1973, and the great price instability in the market for bananas. Prices are reproduced in their original quotations; those expressed in currencies other than the United States dollar are also shown in dollars per metric ton.

The "Monthly Commodity Price Bulletin" is available for an annual subscription of US$36.00, which also covers occasional publication of the "Supplement".

UNCTAD COMMODITY YEARBOOK 1989

United Nations publication, Sales No. E.89.II.D.18 (price US$65.00)

This is the sixth edition of UNCTAD's principal statistical publication in the commodity field and presents in one volume comprehensive country-specific statistical series. It provides detailed data for production, trade and consumption in selected agricultural primary commodities and in minerals, ores and metals up to 1987. Apart from commodity-specific tables, it includes extensive summary tables on commodity dependence and trade values. In this edition, the table on trade values also includes fuels for which aggregates are given for economic groupings as well as for individual countries. The Annex has been expanded to include instability indices and trends in monthly market prices for selected primary commodities. Tables on the direction of commodity trade by economic grouping and region have also been updated to 1987 for total primary commodity exports broken down into food products, agricultural raw materials and minerals, ores and metals. This table of the *Yearbook* reveals the shifting patterns of commodity trade as between trade among developed countries, among developing countries and between the two categories.

TRADE IN SERVICES: SECTORAL ISSUES

UNCTAD/ITP/26

This new publication consists of a series of papers examining the overall situation in a number of important service sectors and has been produced as part of the UNCTAD/UNDP Project of Technical Assistance to Developing Countries for Multilateral Trade Negotiations.

Prepared by a group of experts within the UNCTAD secretariat and by outside consultants, the papers are designed to permit a better perception of the impact of trade in services and of the various issues involved in each sector, including development considerations, raised in the progressive liberalization of such trade, thus facilitating the difficult task of the negotiations. Indeed, in an Introduction to the volume, Mr. B. L. Das, Director and Co-ordinator of UNCTAD's International Trade Programmes, highlights the complexity and novelty of the issues involved, particularly the implications of devising a contractual multilateral framework which will in effect govern the movement of information and of persons, and their business operations across national borders. The studies contained in the volume are the following:

- *Sectoral Issues and the Multilateral Framework for Trade in Services: an Overview*, Murray Gibbs and Michiko Hayashi
- *Telecommunications Services: Considerations for Developing Countries in Uruguay Round Negotiations*, G. Russell Pipe
- *Shipping Services*, Peter Faust
- *Trade in Insurance Services*, J. François Outreville
- *Construction and Engineering Design Services: Issues Relevant to Multilateral Negotiations on Trade in Services*, Yehia Soubra
- *Access to Networks and Services Trade: the Uruguay Round and Beyond*, Albert Bressand
- *Media Services: Considerations Relevant to Multilateral Trade Negotiations*, Susan Christopherson and Stephen Ball
- *Business Services and the Uruguay Round Negotiations on Trade in Services*, Thierry Noyelle
- *Professional Services and the Uruguay Round: Lessons from the Canada-United States Free Trade Agreement*, Prepared for the Commonwealth Secretariat by Peter Burn
- *"1992", Service Sectors and the Uruguay Round*, Rodney de C. Grey
- *Services as an Element of Co-operation and Integration Among Developing Countries: Implications for the Uruguay Round of Multilateral Trade Negotiations*, Luis Abugattas

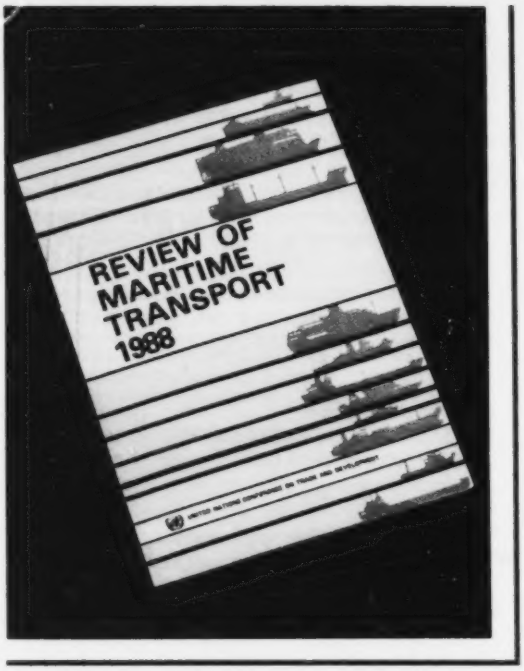
SERVICES: BIBLIOGRAPHY
UNCTAD/PSM/CAS/100

This recently-published bibliography on services was produced in response to a growing number of enquiries received by UNCTAD. Interest in the services sector was initially provoked by the proposal at the GATT Ministerial Meeting in 1982 to bring trade in services within the scope of the General Agreement on Tariffs and Trade. Since then, the increasing recognition of the importance of the services sector in the domestic and international economies and the intensification of multilateral negotiations on trade in services have been accompanied by the growth of a voluminous literature on various aspects of trade in services. Recognizing the growing need for information on publications on services with wide geographical and subject coverage, the UNCTAD bibliography compiles monographs, series, periodical articles and United Nations documents published in the period 1981-May 1989 by region, i.e., North and South America, Asia, Pacific, Africa, Western and Eastern Europe, and under different headings, including international trade, technological advancement, interlinkage, foreign direct investment, employment, production and business strategy.

REVIEW OF MARITIME TRANSPORT 1988
United Nations publication. Sales No. E.89.II.D.16 (price US$20.00)

The UNCTAD *Review of Maritime Transport 1988* analyses the main developments in world maritime transport in the past year and assesses expected short-term developments. Emphasis is given to the development of the merchant marines in developing countries as compared with other groups of countries. The analysis is amply illustrated with charts and tables.

Among the main developments highlighted in the *Review* are the further increase in the total volume of international seaborne trade in 1988, making for a return to the 1980 level of 3.7 billion tons; a continuation of the declining trend in the size of the world merchant fleet; an unchanged ownership pattern, with the developed market-economy and open-registry countries maintaining a combined share of 68 per cent of the total deadweight of the world merchant fleet. The share of developing countries remained at the 1987 level, 21 per cent; the combined tonnage of the five major open-registry countries (Liberia, Panama, Cyprus, Bahamas, Bermuda), 35 per cent of the world merchant fleet, now exceeds that of the developed market-economy countries.



The *Review* also comments on the continuing supply/demand disequilibrium in the world shipping industry, although in 1988 the surplus continued to decrease. Nevertheless, average surplus tonnage was still estimated at 18 per cent of the total world merchant fleet; the proportion of freight costs to cif import values for developing countries continued to be more than twice as high as that for developed market-economy countries; and there was a moderate increase in freight rate indices for dry cargo ships and for tankers, which was largely the result of increased seaborne trade, as well as a more balanced supply/demand relationship for a number of ship types.

NOTES

COMMITTEE ON TUNGSTEN MEETS
Undertaking their annual review of the tungsten market at the Committee on Tungsten's session in December 1989, producers and consumers noted the continued weakness in the tungsten market and depressed price levels despite better world economic conditions. On the issue of price stabilization, producers still tended to favour an international commodity agreement as an appro-

priate instrument but a number of major consumers maintained their opposition to such an approach. The Committee agreed to pursue its work on market review, its analysis of selected issues and the improvement of tungsten statistics, and to continue discussions on market stabilization at its next meeting. It further agreed to request the Secretary-General of UNCTAD to approach the Common Fund for Commodities to seek its view on the eligibility of the Committee as an international commodity body (ICB). Recognition of the Committee as an ICB would enable it to sponsor and follow up projects financed by the Second Account of the Fund.

SEMINAR SERIES ON TECHNOLOGY TRANSFER

UNCTAD has launched a new programme for developing regions on technology policy challenges and options. The programme, which is financed by a USSR contribution to the United Nations Regular Programme of Technical Co-operation, consists of three regional seminars and the provision of consultancy services. The first seminar, in which 16 developing countries in Asia participated, was organized in co-operation with the Chamber of Commerce and Industry and the Ministry for External Economic Relations of the USSR and took place in Moscow from 5-9 February. Two similar regional seminars are planned for Africa and Latin America. The objective of the seminars, which are organized through UNCTAD's Advisory Service on Transfer of Technology (ASTT), is to provide policy-makers, both at governmental and enterprise levels, with the possibility to exchange ideas on technology policy questions, explore options for transfer and development of technology, and identify new modalities for technology co-operation at regional and interregional levels in the current changing international economic environment.

STRENGTHENING INSURANCE MARKETS IN DEVELOPING COUNTRIES

The UNCTAD Committee on Invisibles and Financing related to Trade (CIFT) concluded a one-week meeting on 9 February by adopting a resolution aimed at strengthening the domestic insurance sector in developing countries. The resolution invites developing countries to consider measures to increase the financial strength of the companies in their markets and the role and effectiveness of the supervisory system. Other provisions aim at enhancing co-operation among developing countries, with a view to increasing exchanges in the field of insurance and reinsurance, as well as to improving insurance supervision and training. The UNCTAD secretariat is called upon to take the necessary steps to prepare a detailed programme for the education and training of qualified supervisory personnel in developing countries, and to undertake two new studies. One study will deal with effective prudential insurance regulation and supervision in developing countries, while the other will consider the possibilities for increasing insurance awareness and, in particular, for extending insurance services to productive entities in the traditional sectors, particularly the agricultural sector.

ANNUAL UNCTAD-NGO CONSULTATION

The Second UNCTAD-NGO consultation, held from 8-10 December 1989, focused on commodities, with additional briefing and discussion sessions on Third World Debt, the Uruguay Round and LDCs. Under the title "Commodities: Old Problems, New Issues", discussion groups were able to consider some of the traditional items on the commodities agenda such as terms of trade, market access and processing, marketing and diversification, and some relatively "new" issues such as the impact of biotechnology on commodity production and trade and the impact of commodity production and trade on the natural environment. One session considered the work being done in the commodities field by Alternative Trade Organizations. The consultation provided a good opportunity for the 46 NGO representatives present to be informed about the approach of governments and of the UNCTAD secretariat to issues they deal with at the grass-roots level. The UNCTAD secretariat was also able to disseminate information about its own activities and perspectives to a larger and more diversified audience.

FORTHCOMING UNCTAD MEETINGS

- ***April***
  30-8 May
  Committee on Invisibles and Financing Related to Trade (Geneva, second part, Financing related to trade)
- ***May***
  14-22
  Special Committee on Preferences (Geneva, seventeenth session)
- ***June***
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  Committee on Shipping (Geneva, fourteenth session)

PUBLICATIONS

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- Statistical and information annex (TD/B/1240/Add.1)
- Reinsurance security for developing countries (TD/B/C.3/228)
- Insurance in developing countries: review of developments in 1986-1988 (TD/B/C.3/229 and Summary)
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